



**MISSOURI DEPARTMENT OF TRANSPORTATION
AND MISSOURI STATE HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN**

YEAR ENDED JUNE 30, 2000

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-44
May 29, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2001

www.auditor.state.mo.us

The following report is our review of the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan.

As similarly noted in our prior report, the financial condition of the Missouri Department of Transportation and the Missouri State Highway Patrol Medical and Life Insurance Plan (plan) has continued to deteriorate over the past two years. While annual revenues have increased approximately 43% since June 30, 1998, rising from \$34.4 million to \$49.4 million, expenditures have continued to exceed revenues by approximately \$10 million and \$3 million, respectively, in the two years ended June 30, 1999 and 2000. Annual plan expenditures increased approximately 26% during that time, rising from \$41.5 million to \$52.4 million. As a result, retained earnings have declined significantly, from \$4.9 million at June 30, 1998, to negative \$8.3 million at June 30, 2000. This trend has slowed slightly during the current fiscal period and, as of November 30, 2000, the plan's retained earnings was approximately negative \$7.7 million.

The significant increase in plan expenditures can again be attributed primarily to increasing medical claim costs. To control costs, the board has made various benefit changes including raising medical claim deductibles, out-of-pocket maximums, service co-pays, and changing allowable services. The board has also implemented a \$50 prescription deductible and increased prescription co-pays to 30% of cost.

Revenues have risen due to several increases to the state and member contribution rates. Effective January 1, 2001, the board again implemented an 11% rate increase for most insurance plan groups. In addition, a 10% rate increase is projected for 2002, according to the plan's actuary.

As a result of these rate increases and benefit changes, the actuary is projecting the plan will achieve positive retained earnings again by the end of calendar year 2002. While projections appear positive, actual results could be better or worse than projections and actuarial estimates.

Our report also noted that the plan does not adequately monitor the prescription claims administrator's contract compliance. The plan has performed no testing of prescription claims processed and paid by the prescription claims administrator nor has it required an independent analysis of the adequacy or implementation of the administrator's internal control policies and procedures relevant to the processing and payment of the plan's prescription claims. The prescription claims administrator processed and paid approximately \$8.6 million and \$8.5 million in prescription claims for the years ended June 30, 2000 and 1999, respectively.

(over)

YELLOW SHEET

This Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan was organized by the Missouri Highway and Transportation Commission on July 1, 1977, under the provisions of Section 104.270, RSMo. The plan was established to provide medical coverage on a self-insured basis, and death benefits on an insured basis. Beginning May 1, 1982, additional life insurance was made available as an option.

Copies of this audit are available upon request.

MISSOURI DEPARTMENT OF TRANSPORTATION
AND MISSOURI STATE HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Missouri Highway and Transportation Commission
and
Board of Trustees
Missouri Department of Transportation and Missouri
State Highway Patrol Medical and Life Insurance Plan
Jefferson City, MO 65102

We have conducted a review of the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan (plan). The Board had engaged KPMG LLP, Certified Public Accountants (CPA), to perform a financial audit of the plan for the year ended June 30, 2000. We reviewed the report and substantiating workpapers of the CPA firm. The scope of our review included, but was not necessarily limited to, the fiscal year ended June 30, 2000. The objectives of this review were to:

1. Review certain management practices, financial activity, and related procedures for compliance with applicable statutes, attorney general's opinions, and board policies.
2. Review the efficiency and effectiveness of certain management practices and operations.
3. Follow-up on the status of recommendations made in our previous report.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed board minutes, plan records and contracts, and made inquiries of plan personnel.

As part of our review, we assessed the plan's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our review was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed

additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Statistical Section is presented for informational purposes. This information was obtained from the plan's management and was not subjected to the procedures applied in our review of the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan.

The accompanying Management Advisory Report presents our findings arising from our review of the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 9, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Robert McArthur
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	Jerry Lamprecht, CPA

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MISSOURI DEPARTMENT OF TRANSPORTATION
AND MISSOURI STATE HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN
SUMMARY OF FINDINGS

1. Financial Condition (pages 7-8)

The Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan's (plan) financial condition has continued the significant deterioration noted in our prior report. Although the board has implemented changes to increase revenues and control costs, the expenditures continued to exceed revenues during fiscal years 1999 and 2000.

2. Monitoring of Prescription Claims Administrator (pages 8-9)

The plan has hired an independent consultant to assist with monitoring the prescription claims administrator. However, additional steps are necessary to reduce risks inherent in the service organization's agreements.

MISSOURI DEPARTMENT OF TRANSPORTATION
AND MISSOURI STATE HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Financial Condition

As similarly noted in our prior report, the financial condition of the Missouri Department of Transportation and the Missouri State Highway Patrol Medical and Life Insurance Plan (plan) has continued to deteriorate over the past two years. While annual revenues have increased approximately 43% since June 30, 1998, rising from \$34.4 million to \$49.4 million, expenditures have continued to exceed revenues by approximately \$10 million and \$3 million, respectively, in the two years ended June 30, 1999 and 2000. Annual plan expenditures increased approximately 26% during that time, rising from \$41.5 million to \$52.4 million. As a result, retained earnings have declined significantly, from \$4.9 million at June 30, 1998, to negative \$8.3 million at June 30, 2000. This trend has slowed slightly during the current fiscal period and, as of November 30, 2000, the plan's retained earnings was approximately negative \$7.7 million.

The significant increase in plan expenditures can again be attributed primarily to increasing medical claim costs. In addition, the liability for "incurred but not yet reported" claims also increased significantly after being re-evaluated by the plan's new actuary. To control costs, the board has made various benefit changes including raising medical claim deductibles, out-of-pocket maximums, service co-pays, and changing allowable services. The board has also implemented a \$50 prescription deductible and increased prescription co-pays to 30% of cost.

Revenues have risen due to several increases to the state and member contribution rates, as well as additional state drawdowns approved by the Highway Commission. Effective January 1, 2001, the board again implemented an 11% rate increase for most insurance plan groups. In addition, a 10% rate increase is projected for 2002, according to the plan actuary.

As a result of these rate increases and benefit changes, the actuary is projecting the plan will achieve positive retained earnings again by the end of calendar year 2002. While projections appear positive, actual results could be better or worse than projections and actuarial estimates.

WE AGAIN RECOMMEND the Board of Trustees continue to closely monitor the financial condition of the plan and continue to take any additional actions needed to maintain the solvency of the plan.

AUDITEE'S RESPONSE

The financial condition of the MoDOT/MSHP Medical and Life Insurance Plan (Plan) is of primary concern for the Plan Board of Trustees. As indicated in the report, significant measures have been implemented that are designed to control costs and increase revenue to the Plan. Beyond the parameters of this audit, current financial reports are included for review that are indicative of the success of these measures. The Board of Trustees for the Plan will continue to monitor the financial condition of the Plan with ongoing input from the Plan actuary. The Board, as needed, will review modifications to current benefit and rate schedules.

2. Monitoring of Prescription Claims Administrator

The plan does not adequately monitor the prescription claims administrator's (PCA) contract compliance. To provide additional assurance that the PCA is acting in accordance with contract provisions, the plan should consider both performing a periodic review of processed claims and requiring the PCA to obtain a service organization audit in accordance with the Statement on Auditing Standards No. 70 (SAS 70).

The plan contracts with the PCA to process and pay employees' prescription claims submitted through participating pharmacies. The PCA determines whether the claims are for eligible members and conform to plan benefit guidelines, calculates required co-pays and deductibles, and calculates and pays the fees due the pharmacies. The plan's contract with the PCA includes several performance measurement standards regarding timeliness and accuracy of claims processing, etc, as well as penalties for not meeting the standards. The PCA processed and paid approximately \$8.63 million and \$8.45 million in prescription claims for the years ended June 30, 2000 and 1999, respectively.

In June 1999, to more adequately monitor the PCA, a pharmaceutical consultant was hired by the plan to review the performance of the PCA, provide support services, analyze prescription claims data, and suggest plans of action for managing prescription costs. While the reviews done by the plan's consultant provide some monitoring of the PCA's activities, the consultant has not been asked to perform a claims test. A test of claims processed and paid by the PCA would provide independent assurance that only eligible participants' claims were paid, only approved drugs were authorized, reimbursement rates and rebates were appropriately applied, generic drugs were used when available, applicable deductibles and co-pays were met, and no duplicate payments had been made. Such a test would also support the PCA's self-review of performance measurement goals as provided for in the contract.

In addition, the board has not required the PCA to obtain a SAS 70 audit or requested the consultant to perform such a review. This type of audit of the PCA would identify its policies and procedures relevant to the processing and paying of the plan's prescription claims, whether these policies and procedures were suitably designed to achieve control objectives, had actually been placed in operation, and were complied with satisfactorily.

These additional reviews could be put in place to decrease the risks inherent in this type of service organization agreement.

WE RECOMMEND the Board of Trustees consider additional reviews of the prescription claims administrator to ensure appropriate controls are in place at the administrator, claims are processed timely and accurately, and applicable performance standards have been accurately measured.

AUDITEE'S RESPONSE

Plan prescription drug claims are administered by Eckerd Health Services (EHS). EHS has informed the Board of Trustees that they will be obtaining a SAS 70 audit per client request. EHS expects to name a vendor to provide the SAS 70 audit in late April, 2001. In addition, the Board of Trustees will consider conducting periodic third-party reviews of the Plan prescription claims administrator.

This report is intended for the information of the system's management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

MISSOURI DEPARTMENT OF TRANSPORTATION
AND MISSOURI STATE HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan (plan) on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 1998. The prior recommendation which has not been fully implemented, has been repeated in the current MAR.

1. Monitoring of Performance Standards

- A. The various medical claims administrators performed quarterly internal audits of a sample of claims to measure the percentage of compliance with performance standards applicable to their contracts as a basis for calculating penalties due. The board did not review the documentation supporting how the penalties were determined to assure themselves that the penalties were accurately calculated and in accordance with the contract.
- B. The plan's contract with the prescription claims administrator included provisions for performance standards and for the submission of reports and data showing compliance with the performance standards. The board did not ensure such information was received and reviewed for compliance with the manager's contract in a timely manner.

Recommendation:

The Board of Trustees:

- A. Ensure a review of supporting documentation for performance standards audits is conducted.
- B. Ensure contract compliance relating to performance standards is reviewed in a timely manner.

Status:

- A. Implemented. The board entered into a contract with the plan's actuary to audit claims received by the medical claims administrator during calendar year 1999. This audit was conducted for the purpose of measuring the claims administrator's performance and their conformance with contractual guarantees. As a result, identified issues were investigated and corrective actions have either been implemented by the claims administrator or are currently being negotiated with the plan.

- B. Implemented. Effective June 15, 1999, the board contracted with a pharmaceutical consultant to monitor the prescription program. The consultant monitored the monthly and quarterly performance reports and reported variances to both the board and the prescription claims administrator. Additionally, the consultant worked with the prescription claims administrator to initiate corrective actions when required.

2. Contracts and Special Projects

The board did not have a formal procedure to provide for periodic reports on the status of special projects being performed by the actuary to ensure hours and/or costs were approved or denied prior to being incurred. At the request of the board, the plan's actuary agreed to perform an audit of contractual savings guarantees relating to the Preferred Provider Network (PPO) in effect during 1993 and 1994. Upon completion of the audit, the actuary had incurred approximately 276 extra hours, resulting in \$31,740 in costs over their original estimates.

Recommendation:

The Board of Trustees establish a formal procedure, through an amendment to the actuarial contract, to ensure periodic reports are given on the status of special projects so extra hours and/or costs can be approved or denied prior to being incurred.

Status:

Implemented. Effective May 18, 1999, the board entered into a new actuarial contract that included a clause which specifies that if consulting fees exceed the pre-authorized amount by \$5,000 there is to be written confirmation before the actuary proceeds. In addition, the actuary provides monthly billings to the board which includes itemized statements showing costs incurred to date for each particular project.

3. Financial Condition

The financial condition of the plan rapidly deteriorated from June 30, 1996 to November 30, 1998. While the board took some steps to address this issue by making changes to increase plan revenues, additional actions were likely to be needed.

Recommendation:

The Board of Trustees continue to closely monitor the financial condition of the plan and take any additional actions needed to maintain the solvency of the plan.

Status:

Partially implemented. The board has made several benefit changes and increased premiums in an attempt to stabilize the financial condition of the plan. However, at the current time, the financial condition has not been stabilized. See MAR finding number 1.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MISSOURI DEPARTMENT OF TRANSPORTATION
AND MISSOURI STATE HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

This Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan was organized by the Missouri Highway and Transportation Commission on July 1, 1977, under the provisions of Section 104.270, RSMo. The plan was established to provide medical coverage on a self-insured basis, and death benefits on an insured basis. Beginning May 1, 1982, additional life insurance was made available as an option.

The responsibility for the proper administration of the plan and the direction of its policies is vested in a seven-member Board of Trustees. The board consists of four Missouri Department of Transportation (MoDOT) employees appointed by the chief engineer, two Missouri State Highway Patrol (MSHP) employees appointed by the superintendent, and one member who is retired from the MoDOT or MSHP who is appointed by the chief engineer and the superintendent, all of whom are subject to approval by the commission. The Board of Trustees as of June 30, 2000, were as follows:

Name	Department/Division	Term Expires
C. F. Barnes, Chairman*	MoDOT/Business and Benefits	November 2005
Captain Terry Moore, Vice-chairman	MSHP/Human Resources	May 2004
Pam Otto, Secretary/ Treasurer	MoDOT/Business and Benefits	November 2002
Captain Steve Johnson	MSHP/Traffic	November 2000**
Al Laffoon	MoDOT/Bridge	January 2002
Roy Bergman	Retiree Member	November 1999***
Teresa White	MoDOT/District 5	November 2004
Dan Pritchard	Ex-Officio Member	November 1998 ****

* C. F. Barnes was replaced as Chairman in August 2000, with the hiring of Jeff Padgett as Benefits Manager. However, Mr. Barnes still currently serves as a retiree member of the board through November 2005.

** Captain Steve Johnson was replaced by Sergeant James Remillard in August 2000.

*** Roy Bergman remains on the board until a replacement member can be named.

**** Dan Pritchard was replaced by Teresa White in November 1998, but has remained on the board as an ex-officio member in an advisory, non-voting capacity (i.e. attorney to the board).

All board members are appointed for a six-year term except for the retiree member who is appointed for a three-year term.

With the approval of the commission, the board has selected the following companies to provide services to the plan:

Westport Benefits, LLC	Medical benefit claims administration, large case management, and cost containment
HealthLink, Inc.	Network administration
Legion Insurance Company Hartford Insurance Company	Organ transplant benefits Death benefit insurance and optional life insurance*
Watson Wyatt and Company	Consultant and actuarial services
Eckerd Health Services	Prescription drug benefit management services
Exchange National Bank	Banking and investment services
Missouri Patient Care Review Foundation	Retrospective medical review
Independent Pharmaceutical Consultants	Prescription benefit consulting services

* Prior to January 1, 2000 these services were provided by Stanford Insurance Company.

All other operations are performed by personnel of the MoDOT with the use of the department's facilities and equipment.

The plan is financed by state contributions, member contributions, and interest income. The monthly state contribution per employee has been:

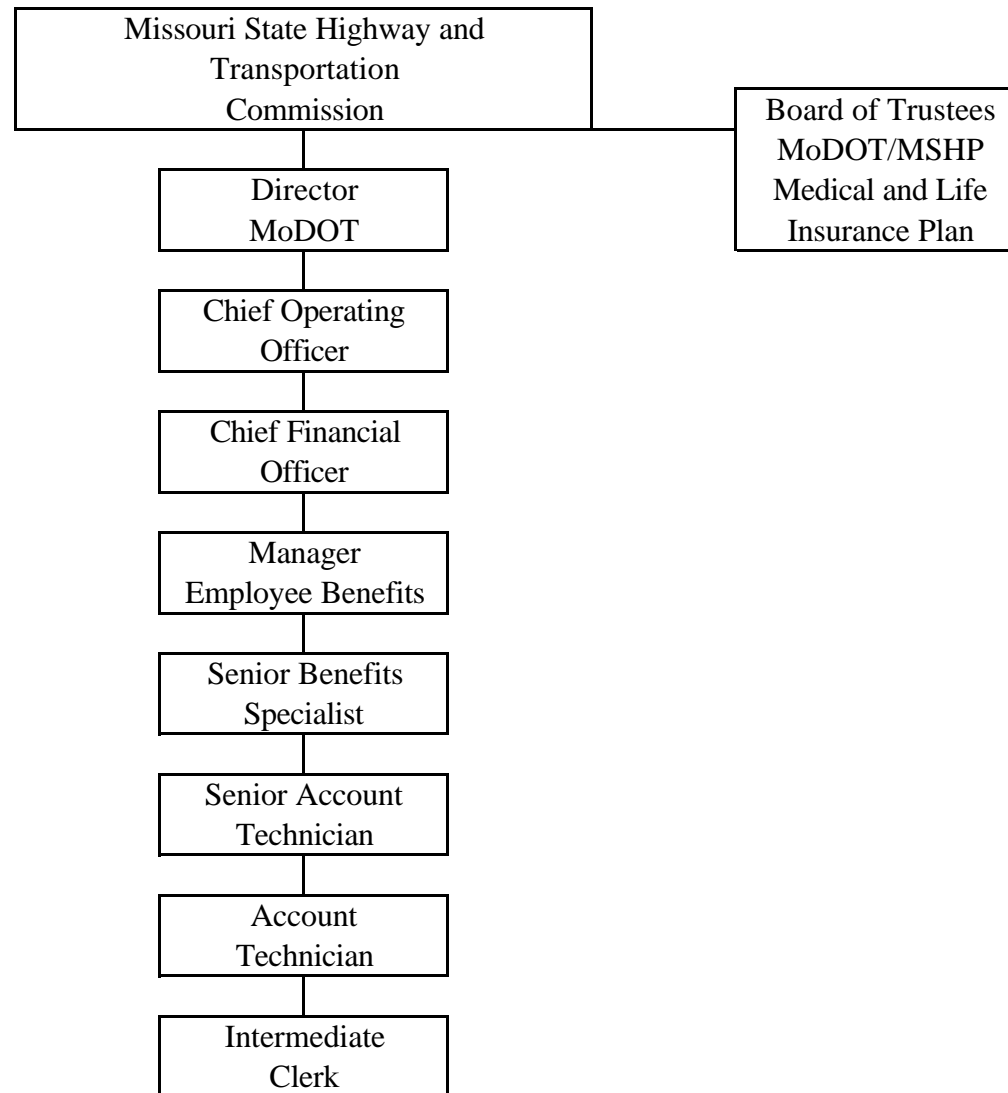
Period	State Contribution		
	Medical Care		Death Benefits
	Employee	Retiree	
January 1, 1998 to December 31, 1998	139.00	62.00	3.45
January 1, 1999 to December 31, 1999	153.00	62.00	3.45
January 1, 2000 to December 31, 2000	179.00	88.00	2.55
January 1, 2001 to Present	198.00	107.00	2.55

Member contributions are set by the board based on actuarial valuations and vary according to number of persons covered, eligibility for Medicare, and state contributions.

As of June 30, 2000, participation in the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan included 8,749 eligible active employees and 5,575 in the retiree group. Additionally, there were 847 employees with HMO plans.

An organization chart follows.

MISSOURI DEPARTMENT OF TRANSPORTATION
AND MISSOURI HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN
ORGANIZATION CHART
JUNE 30, 2000



Appendix A

MISSOURI DEPARTMENT OF TRANSPORTATION
AND MISSOURI STATE HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN
COMPARATIVE BALANCE SHEET
(UNAUDITED)

	June 30,		
	2000	1999	1998
ASSETS			
Cash and cash equivalents	\$ 825,504	1,665,647	7,726,576
Investments at fair value	0	0	3,986,957
Member contributions receivable	21,527	9,307	11,534
State contributions receivable	1,478,108	103,041	41,143
Accrued Interest	0	0	47,487
Other receivables	108,549	108,549	0
Total Assets	\$ 2,433,688	1,886,544	11,813,697
LIABILITIES AND RETAINED EARNINGS			
Liabilities:			
Unearned -			
Member contributions	\$ 1,078,692	1,334,854	1,168,001
State contributions	1,602,973	692	497
Estimated liability for claims incurred but not reported	7,445,435	5,135,860	4,710,905
Other liabilities	674,559	869,795	987,075
Total Liabilities	10,801,659	7,341,201	6,866,478
Retained Earnings	-8,367,971	-5,454,657	4,947,219
Total Liabilities and Retained Earnings	\$ 2,433,688	1,886,544	11,813,697

Appendix B

MISSOURI DEPARTMENT OF TRANSPORTATION
AND MISSOURI STATE HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN
COMPARATIVE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
(UNAUDITED)

	Year Ended June 30,		
	2000	1999	1998
REVENUES			
Member contributions	\$ 18,515,075	14,391,154	12,741,271
State contributions	30,653,486	22,009,251	20,818,967
Investment income-			
Interest	95,779	170,293	826,061
Net increase in fair value of investments	0	182,379	99,261
Other income	177,286	52,131	0
Total Revenues	<u>49,441,626</u>	<u>36,805,208</u>	<u>34,485,560</u>
EXPENSES			
Medical claims	35,423,586	31,225,442	25,849,692
Medical claims administration fees	1,989,098	1,557,103	2,227,998
Life insurance premiums	321,870	366,825	365,304
Optional life insurance premiums	3,040,278	3,062,069	2,452,272
Professional fees	135,990	49,958	91,403
Transplant insurance premiums	679,144	659,918	618,947
Health maintenance organization premiums	1,988,812	1,677,431	1,999,820
Prescription claims administration fees	112,838	125,436	98,429
Prescription drug expense	8,631,799	8,451,389	7,831,279
Operation and miscellaneous expense	31,525	31,513	31,493
Total Expenses	<u>52,354,940</u>	<u>47,207,084</u>	<u>41,566,637</u>
REVENUES OVER (UNDER) EXPENSES	<u>-2,913,314</u>	<u>-10,401,876</u>	<u>-7,081,077</u>
RETAINED EARNINGS, JULY 1	<u>-5,454,657</u>	<u>4,947,219</u>	<u>12,028,296</u>
RETAINED EARNINGS, JUNE 30	<u>\$ -8,367,971</u>	<u>-5,454,657</u>	<u>4,947,219</u>

Appendix C

MISSOURI DEPARTMENT OF TRANSPORTATION
AND MISSOURI STATE HIGHWAY PATROL
MEDICAL AND LIFE INSURANCE PLAN
SCHEDULE OF MEDICAL INSURANCE CONTRIBUTIONS

Rate Groups	January 1, 1998			January 1, 1999			January 1, 2000			January 1, 2001		
	Member	State	Total	Member	State	Total	Member	State	Total	Member	State	Total
EMPLOYEE RECEIVING STATE CONTRIBUTION (a) *												
One person	\$ 0.00	139.00	139.00	\$ 0.00	153.00	153.00	\$ 0.00	179.00	179.00	\$ 0.00	198.00	198.00
Family (multi-person)	90.00	205.00	295.00	99.00	226.00	325.00	151.00	280.00	431.00	151.00	324.00	475.00
Sponsored family member**	45.00	0.00	45.00	51.00	15.00	66.00	70.00	21.00	91.00	70.00	21.00	91.00
EMPLOYEE NOT RECEIVING STATE CONTRIBUTION (b) *												
One person	139.00	0.00	139.00	153.00	0.00	153.00	179.00	0.00	179.00	198.00	0.00	198.00
Family (multi-person)	295.00	0.00	295.00	325.00	0.00	325.00	431.00	0.00	431.00	475.00	0.00	475.00
Sponsored family member**	60.00	0.00	60.00	66.00	0.00	66.00	91.00	0.00	91.00	91.00	0.00	91.00
RETIREE & LONG TERM DISABILITY RECIPIENT RECEIVING STATE CONTRIBUTION												
Non-Medicare member-												
One person	77.00	62.00	139.00	91.00	62.00	153.00	91.00	88.00	179.00	91.00	107.00	198.00
Family (multi-person)	233.00	62.00	295.00	263.00	62.00	325.00	331.00	100.00	431.00	331.00	144.00	475.00
Sponsored family member**	60.00	0.00	60.00	66.00	0.00	66.00	91.00	0.00	91.00	91.00	0.00	91.00
Retiree with medicare spouse							286.00	88.00	374.00	286.00	107.00	393.00
Medicare member*** -	28.00	62.00	90.00	37.00	62.00	99.00						
One person							95.00	100.00	195.00	88.00	107.00	195.00
Family (multi-person)							331.00	100.00	431.00	331.00	144.00	475.00
Sponsored family member**							91.00	0.00	91.00	91.00	0.00	91.00
Retiree with non-medicare spouse							274.00	100.00	374.00	286.00	107.00	393.00
Retiree with medicare spouse							290.00	100.00	390.00	283.00	107.00	390.00
FORMER SPOUSE, SURVIVING SPOUSE AND/OR DEPENDENT, VESTED, & CONTINUOUS COVERAGE MEMBER												
Non-Medicare member-												
One person	139.00	0.00	139.00	153.00	0.00	153.00	179.00	0.00	179.00	198.00	0.00	198.00
Family (multi-person)	295.00	0.00	295.00	325.00	0.00	325.00	431.00	0.00	431.00	475.00	0.00	475.00
Sponsored family member**	60.00	0.00	60.00	66.00	0.00	66.00	91.00	0.00	91.00	91.00	0.00	91.00
Medicare member -	90.00	0.00	90.00	99.00	0.00	99.00						
One person							195.00	0.00	195.00	195.00	0.00	195.00
Family (multi-person)							431.00	0.00	431.00	475.00	0.00	475.00
Sponsored family member**							91.00	0.00	91.00	91.00	0.00	91.00

*The Medicare member category for employees receiving a state contribution and employees not receiving a state contribution is not applicable. This is because they would fall either under the one person or family (multi-person) categories.

**These contribution rates cover only the sponsored family member and are paid in addition to the contribution rates for the other rate groups (one person and family). A sponsored family member is any person (except those eligible for dependent or medicare coverage) residing in the member's home who receives 50 percent or more of this or her support from the member and is shown on the member's federal income tax form as a dependent for the calendar year. Registered full-time students are not required to reside in the member's home.

***Medicare rate (\$37.00) is not applicable to Long Term Disability recipients for 1999.

(a) Includes Work Related Disability recipients.

(b) Effective January 1, 1998, employees not receiving state contribution consist of employees on a leave without pay. Prior to that time, this category also included long term disability members.

* * * * *